

**2005 DRAFTING REQUEST**

**Bill**

Received: **11/15/2004**

Received By: **mshovers**

Wanted: **As time permits**

Identical to LRB:

For: **Eugene Hahn (608) 266-3404**

By/Representing: **Wendy**

This file may be shown to any legislator: **NO**

Drafter: **mshovers**

May Contact:

Addl. Drafters:

Subject: **Tax, Individual - dedct/sbtrct**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Hahn@legis.state.wi.us**

Carbon copy (CC:) to:

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**Pre Topic:**

No specific pre topic given

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**Topic:**

Individual income tax deduction for amounts spent on medical insurance premiums

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**Instructions:**

See Attached. Redraft 2003 AB 290, LRB -1072/1

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**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mshovers 11/15/2004	jdye 11/16/2004		_____			State Tax
/1			jfrantze 11/16/2004	_____	mbarman 11/16/2004 mbarman 11/24/2004	lnorthro 12/16/2004	

FE Sent For:

→ At Intro.

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				_____	mbarman 11/24/2004		

Via e-mail only

Per Wendy

**LRB-0829**

11/24/2004 09:54:44 AM

Page 2

Vers.    Drafted    Reviewed    Typed    Proofed    Submitted    Jacketed    Required

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<END>

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1?	mshovers	1 11/16 jld	J 11/16	Self 11/16			
11 MES	11/15/04						

FE Sent For:

<END>

**Shovers, Marc**

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**From:** Minick, Wendy  
**Sent:** Wednesday, November 10, 2004 11:35 AM  
**To:** Shovers, Marc  
**Subject:** Redraft AB290

Marc:

Rep. Hahn would like AB290 - 100% Health Insurance deduction - redrafted for the upcoming session. Please update the effective date to be appropriate for the new session.

If you have any questions please feel free to contact our office.

Wendy Minick  
Research Assistant  
Representative Eugene Hahn

-0829/1  
LRB-0424/1  
MES:lmk&jld:rs stays  
RMNA

2005 BILL

D-NOTE

repen

1 AN ACT to amend 71.05 (6) (b) 20. (intro.) and 71.07 (5) (a) 15.; and to create  
2 71.05 (6) (b) 35. of the statutes; relating to: creating an individual income tax  
3 subtract modification for amounts spent on medical insurance premiums by  
4 certain individuals. ✓

*Analysis by the Legislative Reference Bureau*

Under current law, there is an individual income tax deduction for 50 percent of the amount paid by a person for a medical care insurance policy that covers the person, his or her spouse, and the person's dependents if the person's employer pays no amount of money toward the person's medical care insurance.

This bill creates an individual income tax deduction for 100 percent of the amount paid by an individual for a medical care insurance policy that covers the individual, his or her spouse, and the individual's dependents if the individual, other than a self-employed person, has no employer or if the individual's employer pays no amount of money toward the individual's medical care insurance.

This bill will be referred to the Joint Survey Committee on Tax Exemptions for a detailed analysis, which will be printed as an appendix to this bill.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

**BILL**

1           **SECTION 1.** 71.05 (6) (b) 20. (intro.) of the statutes is amended to read:

2           71.05 (6) (b) 20. (intro.) For taxable years beginning on or after January 1,  
3           1995, and before January 1, 2005, an amount paid by a person who is the employee  
4           of another person if the person's employer pays no amount of money toward the  
5           person's medical care insurance, for medical care insurance for the person, his or her  
6           spouse and the person's dependents, calculated as follows:

7           **SECTION 2.** 71.05 (6) (b) 35. of the statutes is created to read:

8           71.05 (6) (b) 35. For taxable years beginning after December 31, 2004, an  
9           amount paid by an individual, other than a person to whom subd. 19. applies, who  
10          has no employer or who is the employee of another person if the individual's employer  
11          pays no amount of money toward the individual's medical care insurance, for medical  
12          care insurance for the individual, his or her spouse, and the individual's dependents,  
13          calculated as follows:

14          a. One hundred percent of the amount paid by the individual for medical care  
15          insurance. In this subdivision, "medical care insurance" means a medical care  
16          insurance policy that covers the individual, his or her spouse, and the individual's  
17          dependents and provides surgical, medical, hospital, major medical, or other health  
18          service coverage, and includes payments made for medical care benefits under a  
19          self-insured plan, but "medical care insurance" does not include hospital indemnity  
20          policies or policies with ancillary benefits such as accident benefits or benefits for loss  
21          of income resulting from a total or partial inability to work because of illness,  
22          sickness, or injury.

23          b. From the amount calculated under subd. 35. a., subtract the amounts  
24          deducted from gross income for medical care insurance in the calculation of federal  
25          adjusted gross income.



**BILL**

1           c. For an individual who is a nonresident or part-year resident of this state,  
2 multiply the amount calculated under subd. 35. a. or b., by a fraction the numerator  
3 of which is the individual's wages, salary, tips, unearned income, and net earnings  
4 from a trade or business that are taxable by this state and the denominator of which  
5 is the individual's total wages, salary, tips, unearned income, and net earnings from  
6 a trade or business. In this subd. 35. c., for married persons filing separately "wages,  
7 salary, tips, unearned income, and net earnings from a trade or business" means the  
8 separate wages, salary, tips, unearned income, and net earnings from a trade or  
9 business of each spouse, and for married persons filing jointly "wages, salary, tips,  
10 unearned income, and net earnings from a trade or business" means the total wages,  
11 salary, tips, unearned income, and net earnings from a trade or business of both  
12 spouses.

13           d. Reduce the amount calculated under subd. 35. a., b., or c. to the individual's  
14 aggregate wages, salary, tips, unearned income, and net earnings from a trade or  
15 business that are taxable by this state.

16           **SECTION 3.** 71.07 (5) (a) 15. of the statutes is amended to read:

17           71.07 (5) (a) 15. The amount claimed as a deduction for medical care insurance  
18 under section 213 of the Internal Revenue Code that is exempt from taxation under  
19 s. 71.05 (6) (b) 17. to 20. and 35. and the amount claimed as a deduction for a  
20 long-term care insurance policy under section 213 (d) (1) (D) of the Internal Revenue  
21 Code, as defined in section 7702B (b) of the Internal Revenue Code that is exempt  
22 from taxation under s. 71.05 (6) (b) 26.

23           **SECTION 4. Initial applicability.**

24           (1) This act first applies to taxable years beginning on January 1, 2005.

25           (END)

DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU

-082 9/1/04  
LRB-1072/1da  
MES/ldrs

January 6, 2003 3 new date

stays

If this bill does not pass by approximately August 1, 2005, the dates in the bill will need to be advanced by one year.

Marc E. Shovers  
Senior Legislative Attorney  
Phone: (608) 266-0129  
E-mail: marc.shovers@legis.state.wi.us

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-0829/1dn  
MES:lmk&jld:jf

November 16, 2004

If this bill does not pass by approximately August 1, 2005, the dates in the bill will need to be advanced by one year.

Marc E. Shovers  
Senior Legislative Attorney  
Phone: (608) 266-0129  
E-mail: [marc.shovers@legis.state.wi.us](mailto:marc.shovers@legis.state.wi.us)

**Northrop, Lori**

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**From:** Minick, Wendy  
**Sent:** Thursday, December 16, 2004 10:40 AM  
**To:** LRB.Legal  
**Subject:** Draft review: LRB 05-0829/1 Topic: Individual income tax deduction for amounts spent on medical insurance premiums

It has been requested by <Minick, Wendy> that the following draft be jacketed for the ASSEMBLY:

Draft review: LRB 05-0829/1 Topic: Individual income tax deduction for amounts spent on medical insurance premiums